



County of Los Angeles
Department of Public Social Services

Bryce Yokomizo
Director

January 23, 2003

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION TO APPROVE THE FIVE-SIGNATURE LETTER
TO THE FINANCIAL INSTITUTIONS FOR ELECTRONIC BENEFIT TRANSFER
(ALL DISTRICTS - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Send a five-signature letter to financial institutions requesting their participation in the Electronic Benefit Transfer (EBT) network without imposing surcharges to our participants. Attached is a draft letter (Enclosure A).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to obtain your Board's approval for a five-signature letter to financial institutions. At the January 8, 2002 meeting with your Board, a motion was made instructing this Department to work in concert with the State to adequately prepare for the implementation of EBT for cash benefits participants with regard to accessibility and, to the extent possible, minimize the imposition of surcharges. Currently, it appears several financial institutions are imposing surcharges for the use of their automated teller machines. Therefore, the Department drafted a letter to the financial institutions to request their participation without imposing a surcharge.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Implementation of EBT for cash is consistent with the principles of Goal #1: Service Excellence of the Countywide Strategic Plan for improving quality of service and organizational effectiveness. In addition, EBT is consistent with DPSS' objectives for increasing the efficiency and effectiveness of departmental programs through expanded information technology and communications. EBT is part of the DPSS Business Automation Plan.

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FISCAL IMPACT/FINANCING

There is no impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On December 18, 2001, your Board approved the recommendation that the County exercise its non-binding option to pursue issuing cash benefits through EBT and to ask the State to develop an EBT Cash Access Plan at no cost to the County.

The development and implementation of a statewide electronic benefits transfer system for the delivery of Food Stamp benefits is mandated by Sections 10065 through 10077 of the Welfare and Institutions (W&I) Code. The W&I Code further states that any cash benefits provided to recipients under the Department's authority may be distributed through the EBT system as long as the recipient has reasonable access to his or her benefits.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

EBT will improve participant service, increase efficiency of benefit delivery and increase the Department's ability to detect fraud.

CONCLUSION

The Executive Officer, Board of Supervisors is requested to issue one (1) signed Board Letter to the Department of Public Social Services. Instruct the Executive Officer of the Board of Supervisors to prepare the letters to each financial institution listed on Enclosure B.

Respectfully submitted,



Bryce Yokomizo, Director

BY:fw

Enclosures

c: Executive Officer, Board of Supervisors
Chief Administrative Officer
County Counsel

Dear Financial Institution:

ELECTRONIC BENEFIT TRANSFER (EBT) IN LOS ANGELES COUNTY

The County of Los Angeles is considering changing the payment delivery system of welfare benefits to our participants. In keeping up with technology, beginning in late 2003, over 250,000 food stamps participants will use a debit card for the Statewide EBT system to make food purchases at food retailers accepting food stamps today. With the help of financial institutions like yours, the EBT system may be expanded to electronically deliver cash benefits, as well, through a broad network of automated teller machine (ATM) locations and point-of-sale (POS) devices throughout California. The expansion to also include the issuance of cash benefits on EBT, however, is dependent on cash being accessible at a reasonable cost to our participants. It is our understanding that if you were a participant of the EBT network, you would impose surcharges of \$1.50 or greater per transaction. Other financial institutions, such as Washington Mutual Bank and Citibank, have agreed to honor the EBT card without imposing any surcharges.

Los Angeles County is committed to providing the best service possible to our residents. As your institution operates in Los Angeles County and neighboring counties that may deliver cash benefits via EBT, especially in communities that are not well-served by the larger financial institutions and ATM networks, you would be providing a great service to thousands of residents of these communities by making your ATMs accessible to our EBT cardholders at low or no surcharge.

Some of the benefits to financial institutions participating in the success of EBT include:

- Financial reimbursement to retailers and ATM acquirers for all EBT transactions will be through the Automated Clearing House via their normal network settlement.
- The need to cash the CalWORKs, General Relief, Cash Assistance Payments for Immigrants and Refugee Case Assistance warrants will be eliminated, as virtually all cash benefits will be electronically distributed.
- Lost funds due to stolen warrants will be non-existent.
- Participants in EBT may be eligible for credit under the Services Test of the Community Reinvestment Act.
- Companies that honor EBT cards will receive favorable publicity and recognition from County, State and local officials and community leaders.

Finally, your participation in EBT provides our participants an opportunity to develop a relationship with financial institutions, as many of our participants are becoming self-sufficient through employment. Our participants are potential customers for new deposit accounts, car loans, and mortgage loans with your bank. Over 9,000 of our participants have enrolled in Direct Deposit since it became available to them in December 2001.

We believe that your participation at low or free costs to our participants will provide a first step in the familiarity and trust needed to begin a long lasting relationship between financial institutions and our participants.

A representative from Citicorp Electronic Financial Services, the contracted EBT vendor, will follow up with you. Thank you for your consideration.

Very truly yours,

Bank of America
P.O. Box 37176
San Francisco, CA 94137-5176
Attention: City of Industry
Operations Branch #36
New Accounts Department

Wells Fargo
11300 Firestone Boulevard
Norwalk, CA 90650
Attention: New Accounts

Union Bank of California
445 South Figueroa Street
Los Angeles, CA 90017
Attention: New Accounts

Bank of the West
300 S. Grand Avenue
Los Angeles, CA 90071
Attention: New Accounts
Pratibha Prabhan

City National Bank
400 North Roxbury Drive
Beverly Hills, CA 90210
(800) 773-7100

California Federal Bank
Sacramento, CA
(916) 374-6060
(800) 225-3334

Comerica Bank of California
9920 South LaCienega Blvd
Suite-100
Englewood, CA 90301
Attn: Customer Accounts

Farmers & Merchants Bank
302 Pine Avenue
Long Beach, CA 90802
(562) 437 0011
(8 branches in Long Beach)

Citizens Business Bank
701 North Haven Avenue
Ontario, CA 91764
(909) 980-4030
(12 branches in Los Angeles County)

U.S. Bank
1440 Ethan Way
Sacramento, CA 95825
Attn: Andrew Thompson

First Federal Bank of California
3422 Carson Street
Torrance, CA 90503
(310) 214-1491

Family Savings-Pasadena
1335 North Lake Avenue
Pasadena, CA 91104
Attention: New Accounts
Maria Dominguez

Indy Mac Bank
144 N. 2nd Avenue
Covina, CA 91723
Attention: Sally Ervolina

Cerritos Valley Bank
3508 E. Florence Avenue
Huntington Park, CA 90255
Attention: New Accounts
Gracie Trujillo

Pacific Business Bank
1011 Pioneer Boulevard
Suite 1000
Santa Fe Springs, CA 90670
Attention: Operations Department

Downey Savings
101 E. Foothill Blvd
Arcadia, CA 91006

California Bank and Trust
3250 Wilshire Blvd.
Los Angeles, CA 90503

10/2002
ce;dir dep;bank list